

## Message Text

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PAGE 01 LUSAKA 00327 271321Z

47

ACTION AF-06

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01

LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-01 CEA-01

DODE-00 PM-03 H-01 L-02 PA-01 PRS-01 USIA-06 INT-05

/084 W

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P 271247Z FEB 75

FM AMEMBASSY LUSAKA

TO SECSTATE WASHDC PRIORITY 1298

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EO 11652: N/A

TAGS: EINV, EMIN, ZA, US

SUBJECT: AMAX-GRZ AGREEMENTS SIGNED

1. YESTERDAY, FEBRUARY 26, AMAX AND THE GRZ SIGNED 4 AGREEMENTS TERMINATING THE MANAGEMENT AND SALES CONTRACTS OF DECEMBER 1969, ESTABLISHING PROCEDURES FOR THE SECONDMENT OF AMAX PERSONNEL TO RCM, AND EXTENDING THE PREVIOUS ICSID ARBITRATION PROVISIONS TO COVER THE NEW AGREEMENTS. IN ADDITION, THERE WILL BE AN EXCHANGE OF LETTERS COVERING THE RECRUITMENT SERVICES TO BE PROVIDED BY AMAX'S LONDON OFFICE. COMPENSATION TO AMAX FOR TERMINATION OF THE PREVIOUS CONTRACTS WAS SET AT 22 MILLION KWACHA. PAYMENTS ARE TO BE MADE OVER 3 YEARS; DENNIS ACHESON OF AMAX TOLD US THIS MORNING THE FIRST PAYMENT OF 6 MILLION KWACHA WILL PROBABLY BE MADE TODAY, FEBRUARY 27.

2. ACHESON SAID AMAX IS NOT PARTICULARLY HAPPY WITH THE AMOUNT OF COMPENSATION AND HE THOUGHT THAT IF THE PROBLEM HAD BEEN APPROACHED IN A DIFFERENT MANNER AT AN EARLIER STAGE WHEN COPPER PRICES WERE HIGHER THE COMPANY MIGHT

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PAGE 02 LUSAKA 00327 271321Z

HAVE DONE BETTER. HE WAS, HOWEVER, PLEASED TO HAVE THE

WHOLE MATTER SETTLED AFTER SO LONG AND DIFFICULT NEGOTIATION.

3. AMAX ZAMBIA WILL RETAIN A SMALL OFFICE IN LUSAKA UNDER THE DIRECTION MR. ROY HALLE ASSISTED BY ONE SECRETARY. HALLE'S FUNCTION WILL BE TO LOOK AFTER AMAX'S 20 PERCENT INTEREST IN RCM, THE AMAX FARMING PROJECT, THE PROPERTIES OWNED BY THE COMPANY IN LUSAKA, AND ITS INTEREST IN THE MWINILINGU COPPER DEPOSIT EXPLORATION. REGARDING MWINILINGU, AMAX HOLDS A 54 PERCENT SHARE AND ANGLO AMERICAN 46 PERCENT. ACCORDING TO ACHESON, IT HAS BEEN TENTATIVELY ARRANGED FOR MINDECO TO JOIN IN THIS ENTERPRISE, ASSUMING OVER TIME A 60 PERCENT SHARE.  
NELSON

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AGREEMENTS, CONFISCATION, FOREIGN INVESTMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 FEB 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** KelleyW0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Source:** CORE  
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**Film Number:** D750069-0545  
**From:** LUSAKA  
**Handling Restrictions:** n/a  
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